

are eligible for support under the Healthcare Connect Fund, subject to the conditions and restrictions set forth in paragraph (b) of this section.

(1) An “off-site administrative office” is a facility that does not provide hands-on delivery of patient care, but performs administrative support functions that are critical to the provision of clinical care by eligible health care providers.

(2) An “off-site data center” is a facility that serves as a centralized repository for the storage, management, and dissemination of an eligible health care provider’s computer systems, associated components, and data, including (but not limited to) electronic health records.

(b) *Conditions and Restrictions.* The following conditions and restrictions apply to support provided under this sections.

(1) Connections eligible for support are only those that are between:

- (i) Eligible health care provider sites and off-site data centers or off-site administrative offices,
- (ii) Two off-site data centers,
- (iii) Two off-site administrative offices,
- (iv) An off-site data center and the public Internet or another network,
- (v) An off-site administrative office and the public Internet or another network, or
- (vi) An off-site administrative office and an off-site data center.

(2) The supported connections and network equipment must be used solely for health care purposes.

(3) The supported connections and network equipment must be purchased by an eligible health care provider or a public or non-profit health care system that owns and operates eligible health care provider sites.

(4) If traffic associated with one or more ineligible health care provider sites is carried by the supported connection and/or network equipment, the ineligible health care provider sites must allocate the cost of that connection and/or equipment between eligible and ineligible sites, consistent with the “fair share” principles set forth in § 54.639(d).

[78 FR 13987, Mar. 1, 2013]

**§ 54.638 Upfront payments.**

(a) Upfront payments include all non-recurring costs for services, equipment, or facilities, other than reasonable and customary installation charges of up to \$5,000.

(b) The following limitations apply to all upfront payments:

(1) Upfront payments associated with services providing a bandwidth of less than 1.5 Mbps (symmetrical) are not eligible for support.

(2) Only consortium applicants are eligible for support for upfront payments.

(c) The following limitations apply if a consortium makes a request for support for upfront payments that exceeds, on average, \$50,000 per eligible site in the consortium:

(1) The support for the upfront payments must be prorated over at least three years.

(2) The upfront payments must be part of a multi-year contract.

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**§ 54.639 Ineligible expenses.**

(a) *Equipment or services not directly associated with eligible services.* Expenses associated with equipment or services that are not necessary to make an eligible service functional, or to manage, control, or maintain an eligible service or a dedicated health care broadband network are ineligible for support.

NOTE TO PARAGRAPH (a): The following are examples of ineligible expenses:

1. Costs associated with general computing, software, applications, and Internet content development are not supported, including the following:

- i. Computers, including servers, and related hardware (*e.g.*, printers, scanners, laptops), unless used exclusively for network management, maintenance, or other network operations;
- ii. End user wireless devices, such as smartphones and tablets;
- iii. Software, unless used for network management, maintenance, or other network operations;
- iv. Software development (excluding development of software that supports network management, maintenance, and other network operations);
- v. Helpdesk equipment and related software, or services, unless used exclusively in support of eligible services or equipment;
- vi. Web server hosting;
- vii. Web site portal development;